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ABSTRACT

This paper, which focuses on welfare reform's impact on community colleges, is part of a series published by the Center for Community College Policy, designed to support state and local policymakers, as well as educational leaders who are interested in policy issues related to the two-year postsecondary sector. Education has always been a critical tool for helping those in poverty to move into jobs that offer enough compensation to free them from dependence on public assistance. Traditionally, community colleges have educated students at the lowest ends of the income scale. Forty-eight percent of students from families at the bottom fourth in income have chosen public two-year college as entry to higher education as opposed to 27% who selected four-year institutions. This article focuses on state policy options and collaborative enterprises designed to help welfare recipients become financially independent by way of education. Lengthy courses of study are not appropriate for students in extreme financial situations, therefore community colleges have developed more streamlined General Education Degree programs, basic job-readiness courses, and short-term vocational training. Policymakers need to allocate resources up front to provide for childcare, transportation, and other supports that will enable poor working parents access to education. (AF)

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EDUCATION COMMISSION OF THE STATES

POLICY Paper

September 1998

WELFARE REFORM: CREATING OPPORTUNITIES OR INCREASING OBSTACLES?

by Michael Allen

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INTRODUCTION

Our nation's community colleges have played an increasingly important role over the last decade in providing educational opportunities for welfare recipients and others at the low end of the income scale. In recent years, 48% of students from families at the bottom fourth in income have chosen public two-year colleges to begin their postsecondary education, compared with 27% who have selected public four-year institutions. The attraction of community colleges for the low-income population is likely due to a combination of factors, including open admission policies, tuition less than half that for in-state four-year colleges and an unmatched commitment to remedial services.

Many community colleges have become skilled in the delivery of programs especially designed to overcome the education barriers faced by low-income students. These programs include G.E.D. (General Education Degree) classes, basic job-readiness classes and short-term vocational training. In many cases, community colleges work directly with local employers to provide training that matches workforce needs. The colleges also offer two-year associate degree programs in specific vocational fields, like nursing, that enable graduates to secure well-paying jobs.

Community colleges and state community college systems have sometimes partnered with local and state social service departments to serve welfare recipients. Especially when other options are limited, community colleges may become the social service departments' preferred providers. In other cases, community colleges compete for welfare students against nonprofit agencies and proprietary schools offering comparable short-term training.

The enactment of welfare reform, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, is having a significant impact on the role of community colleges in the education of

inside...

2 **Educational Opportunities and the New Welfare System**

3 **The Challenge for Community Colleges**

welfare recipients. At the same time as the need for advanced job training and education has become greater because of the new welfare rules, so have the challenges faced by recipients seeking educational opportunities.

Since the adoption of welfare reform, the enrollment of welfare students has declined at many community colleges. Much of that drop is surely due to a strong economy, in which would-be students trade educational opportunities for readily available jobs. There is also the simple fact that welfare caseloads have dropped nationwide by over 30% since 1993.

Some of the decline, however, is likely a function of rules and restrictions in the new welfare legislation that make it more difficult for welfare recipients to pursue educational opportunities. While many of those rules and restrictions are inherent in the federal legislation, the legislation gives the individual states wide latitude in their implementation. In other words, state welfare policies — and state education policies, as well — can either maximize the opportunities of welfare recipients to advance their education or create additional obstacles.

Educational Opportunities and the New Welfare System

Education has always been critical to the ability of those in poverty to move into jobs that are sufficiently lucrative and stable to free them permanently from dependence on public assistance. Moreover, children whose parents have college experience are almost twice as likely to obtain a baccalaureate degree as children whose parents have only a high school education. Thus, education is a key to breaking the cycle of poverty and welfare dependence that so often plagues low-income families.

The enactment of welfare reform has made it even more critical to obtain good work and education skills. The former welfare system, known as AFDC (Aid to Families with Dependent Children), ensured those who qualified financially and complied with various requirements that they would continue to receive assistance for as long as necessary if they were unable to find steady employment. Under the new TANF system (Temporary Assistance to Needy Families), welfare recipients are now limited to five years of benefits during their lifetime. This means adult welfare recipients must acquire the job skills and education needed to obtain good jobs; there is no longer any room for failure.

In addition to the five-year limit, TANF requires all welfare recipients to be engaged in work or an allowable work-related activity within two years. The new law gives individual states the option to pare down these limits even further, and some states have cut recipients' lifetime benefit limit (as residents of that state) to as little as two years and require that recipients pursue a work activity within 30 days. States have additional latitude in defining what counts as an acceptable work activity within boundaries established by the federal legislation.

TANF has also eliminated the JOBS (Job Opportunities and Basic Skills) program, a supplement to AFDC that enabled a significant number of welfare recipients not only to pursue basic job training but also to enroll in more ambitious two-year and four-year degree programs while receiving their welfare checks. Now, allowable postsecondary coursework for recipients is limited to 12 months of vocational education. Moreover, states must satisfy an annually increasing federal quota for the percentage of welfare recipients engaged in a work activity (from 25% in 1997 to 50% in 2002), and no more than 30% of a state's working recipients may count vocational education toward the work activity quota.

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Thus, welfare reform would seem to restrict significantly the opportunities for welfare recipients to further their education and acquire the skills necessary to succeed long-term in our society's sophisticated and changing work environment. If community colleges and other institutions are to continue to serve the needs of the welfare population, they must find new education approaches within the restrictions imposed by the new welfare law. Their efforts will not easily succeed, however, unless state and local policymakers create a supportive policy climate and tackle difficult policy issues.

III. The Challenge for Community Colleges

One of the fundamental implications of welfare reform for community colleges and education providers is that they no longer can rely on lengthy courses of study to prepare welfare recipients for the job market. Instead, they must deliver short-term programs. Education providers also must be more accountable to their students; they must ensure that the careers for which they train welfare recipients, whose benefit clock is now ticking down, truly provide the opportunity for long-term employment.

The "work-first" orientation of welfare reform means that community colleges and other educational providers must shift much of their focus from pre-employment to post-employment programs. It also means that a four-year or two-year degree program is a much more remote prospect for most welfare recipients. Moreover, the open entry/open exit course approach that enables students to complete a course at their own pace may not work for many welfare recipients, who now have only a limited time to pursue their education.

Ironically, our nation's robust economy has created additional education challenges. The strong economy has spawned many new jobs and taken adequately skilled workers off the welfare rolls. The serious barriers, educational and otherwise, faced by many recipients who remain on welfare present a significant challenge to education providers, especially to colleges accustomed to dealing with higher- functioning students and not with students who may read at a 3rd-grade level. If community colleges wish to serve these seriously disadvantaged students, they must offer remedial programs and a level of emotional support foreign to any traditional conception of higher education. Indeed, some educators believe that if faculty members are to serve welfare students effectively, they must do as much counseling and case management as actual teaching.

IV. State Policy Options

For the states, which have been empowered by the new federal welfare legislation to set many of their own welfare policies, the fundamental issue is the extent to which they are willing to support and enhance the educational opportunities for welfare recipients given the restrictions and requirements already inherent in the federal legislation. A number of policy options arise for consideration, among them the following:

- **What kind of financial investment?** With a robust economy and a record low welfare caseload in most states, states are in a unique position to spend money now — money that may not be available in a few years — to build a solid education infrastructure for their low-income population and to give current welfare recipients as much of a head start as possible so they do not fall back on welfare later. States also must recognize that workers who lack high-level skills and the ability to adapt to an ever-changing and increasingly complex work environment will never be secure in the job market.

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Strategies for Expanding Educational Opportunities

There are two main obstacles to postsecondary education under the new federal welfare reform legislation. One is the work-participation quota that states must meet. This discourages states from giving welfare recipients the full two-year grace period because TANF recipients not engaged in a work activity pull down a state's work-participation rate. The other obstacle is the narrow definition of educational pursuits that can count toward work, which excludes almost all postsecondary education. Here are a few strategies that states might consider to expand education opportunities for welfare recipients:

- *Define "vocational education" as broadly as possible.* Since this is the only allowable long-term (up to 12 months) postsecondary education activity for TANF recipients, the wider the definition the greater the educational options.
- *Support work-study opportunities for welfare recipients, and use work-study as community service.* Community service participation is unlimited under the federal welfare legislation, so all community service participants count toward the state's work-participation quota. This approach has been used in Massachusetts.
- *Allow welfare recipients to accumulate savings earmarked for education in an Individual Development Account that does not affect their welfare benefit eligibility.* Welfare recipients who plan to go to college can work more than the minimum number of hours prescribed by the federal welfare laws before they go to college or during summer break and then keep all of the wages from the extra hours worked.
- *Support welfare recipients who pursue two-year or four-year degrees with state-only funds in order to bypass the restrictive requirements attached to the use of federal funds.* Recipients supported by state-only funds are not technically TANF recipients and therefore do not factor into a state's work-participation quota.

To educate welfare recipients and other low-income people successfully requires a serious financial commitment — a smaller student-to-faculty ratio and increased counseling and remedial service. To justify increased spending, some states give community colleges a prominent role in working with business and industry to promote economic development and create jobs.

North Carolina directly credits its increase in new manufacturing plants to community college efforts to provide a steady supply of qualified graduates trained in the precise skills the manufacturers need. Additional federal sources of funding states can access for the basic education of the economically disadvantaged include JTPA (Job Training Partnership Act), AEA (Adult Education Act) and Carl Perkins Act.

- **Work first?** Although not irrevocable, all states have probably decided by now either to maximize opportunities for pre-employment training and education or to take a work-first approach that emphasizes post-employment educational opportunities. While the latter approach offers the greatest assurance that a state will meet its federally mandated work-participation quota, the former approach can give individual recipients more opportunities to further their education. Using the former approach, Massachusetts has placed welfare recipients in work-study programs and counted the work part of the program as an allowable work activity. Wyoming and Maine have created programs involving subsidies and part-time work designed to help welfare recipients get college degrees.

Those states committed to a work-first strategy still have the ability to give welfare recipients opportunities for

further education and training, but recipients must overcome additional obstacles to access them. The time barriers for working people are formidable, and important support systems needed by welfare recipients, including child care and transportation, must be adequate to support education on top of work. Even with such supports, it is unrealistic to expect single parents on welfare to work full-time, take courses and be able to spend significant quality time with their children. One option that might promote post-employment training is to encourage employers, perhaps through tax incentives, to allow welfare recipients and other workers to pursue continuing education as part of their job responsibilities.

States that have elected to take advantage of federal Welfare-to-Work funding, which requires a one-third state match, can use this money to provide on-the-job training and post-employment services to the more educationally deficient welfare recipients. Since noncash Welfare-to-Work assistance does not count toward a recipient's lifetime TANF benefit limit, it may provide additional educational opportunities not available within the strict TANF guidelines.

- **Create diversion programs?** States have the option of creating "diversion programs" that bypass federal limitations on education activities by using state-only funds, not TANF, to support recipients who pursue educational tracks that do not meet federal guidelines. Welfare-eligible adults who receive only state funding are not technically part of the state's welfare caseload and are not subject to the federal limitations on work activities. Few states, however, can afford to provide diversions for sustained education support. Moreover, crafting a diversion program that truly accomplishes what a state seeks to accomplish and also observes federal guidelines is tricky business.

- **What role for community colleges?** States have given community colleges widely divergent roles in meeting the challenges of welfare reform. In some states, individual community colleges or the statewide community college system play an integral role in the coordination of workforce development programs. In other states, community colleges are simply given the opportunity to compete against other education providers for contracts to deliver services. While many of these arrangements no doubt reflect historic roles played by the community colleges in particular states, states would do well to use the new realities presented by welfare reform to reassess the potential role of community colleges, and of other education providers, in meeting workforce development needs.

- **Increase educational affordability?** States can adopt policies that make training and education programs more affordable for the low-income population. For example, they can promote the ability of welfare recipients to accumulate savings in "Individual Development Accounts." This may not be a realistic option, however, unless states permit recipients to retain more earnings. States could also provide reduced community college tuition for welfare recipients or perhaps adopt a general graduated tuition structure, although any changes in tuition structure have significant ramifications. Or states might offer tuition subsidies or other supports for students who pursue vocational education programs that serve state economic priorities.

- **Enhance education availability?** The issue of physical access to education and training programs for the low-income population is also critical. There are a number of possible ways to enhance access, including the establishment of community college satellite campuses in housing projects or neighborhoods with large welfare populations. Work-site classes are another possibility many colleges are pursuing in cooperation with employers. Telecourses and virtual classrooms may offer additional opportunities to access community college classes, particularly for students with transportation or child-care barriers. Distance learning, however, may not be appropriate for students with the limited education skills and low self-confidence characteristic of many welfare recipients.

V. Some Hard Questions

Decisions about the various state policy options requires state and local policymakers to address a number of hard questions:

1. Even with a good economy and the additional funding available through the Welfare-to-Work program, can the state afford to devote the intensive resources required by the most disadvantaged welfare recipients and simultaneously maximize opportunities for the more capable recipients? It would seem important for states to devise a fair, opportunistic and financially viable system that prioritizes aid for their welfare and low-income population. States must consider, for example, that those welfare recipients least in need of services, most readily employable and best able to help the state meet its work-participation quota may also gain the most from additional education.
2. Will the state's efforts to meet the needs of welfare recipients come at the expense of other low-income workers who are also vulnerable and who could easily wind up on welfare unless their educational and support needs are met? Are there ways to extend critical programs and services to low-income people who don't qualify for welfare?
3. Are the state's community colleges truly committed to finding innovative ways to educate the state's welfare recipients and economically disadvantaged population? Within the community college establishment itself, the efforts of community colleges to serve low-income students have not been without controversy. A concern with maintaining credibility as institutions of higher education has generated some resistance to offering the short-term training programs that many low-income students find so attractive and that seem so necessary now given the restricted educational opportunities under welfare reform.
4. Do college credit, a greater selection of programs and other potential advantages offered by community colleges justify significant public investment in them when private agencies often provide comparable services and require no public support? How do job-placement rates, job retention rates and salary levels for community college students compare with those for students who receive their training from other providers?
5. Are state policymakers willing to lobby for changes in the federal welfare legislation to make it more supportive of educational opportunities? Are they willing to lobby for other federal policy changes — in student loan programs, for example — that impact the educational opportunities for low-income people?

VI. Some Related Policy Issues

In addition to policy questions that directly address the educational implications of welfare reform, a number of other important policy issues are relevant and go far beyond the scope of welfare reform:

1. Should traditional FTE funding, which rewards community colleges for maximizing student course enrollment, be replaced by a performance-based funding structure that considers such indicators as graduation and job placement rates for program graduates and may offer greater accountability for welfare students?
2. Do the current faculty and governance structures of community colleges enable them to adequately respond to the changing economy and job market and best serve the needs of welfare recipients and other low-income people?
3. Is the traditional community college policy of open enrollment an important ingredient in ensuring access for welfare recipients and other low-income students, or does it inadequately screen out students who waste time and money pursuing a degree or certificate they never will obtain?

VII. Conclusion

Overcoming the obstacles presented by welfare reform to maximize educational opportunities for welfare recipients will not be easy either for community colleges or for state and local policymakers. It requires the colleges to expand their mission beyond postsecondary education and see themselves as hybrid institutions that address education on many levels. They must adapt their course delivery and shift much of their educational focus from pre-employment to post-employment programs. And they must hold themselves accountable, not for FTEs, but for the success of their students in obtaining steady, well-paying jobs.

Policymakers, in turn, must be as creative as possible in pursuing state and local policy options that mitigate, or even leverage, the educational limitations presented by welfare reform. They must consider investing significant resources up front, while the economy is strong, to provide adequate child care, transportation and other supports that make access to education possible for poor working parents. Finally, policymakers should explore the opportunities for economic development and job creation that partnerships between community colleges and the private sector may offer.

VIII. Resources

- The U.S. Department of Education's National Center for Education Statistics (NCES) is a good source for a broad spectrum of education-related statistical information and publishes an annual *Digest of Education Statistics*. All quantitative education-related data in this discussion are drawn from information published by NCES in 1995.
- Several public policy organizations provide reliable information and analysis of the most recent developments nationwide regarding welfare reform and its many policy implications: the National Conference of State Legislatures, Denver, Colorado 303-830-2200; the Center on Budget

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and Policy Priorities, Washington, D.C., 202-408-1080; and the Center for Law and Social Policy, Washington, D.C., 202-328-5140.

- Federal government information about welfare reform can be accessed through a Department of Health and Human Services Web site, http://www.acf.dhhs.gov/news/welfare.
- Another helpful Web site with a frequent focus on the impact of welfare reform on education is maintained by the New York State Education Department. The address is http://www.nysed.gov/workforce.
- For general information about community colleges, including policy analyses that touch on welfare reform and many other issues, contact: American Association of Community Colleges, Washington, D.C., 202-728-0200, or League for Innovation in the Community Colleges, Mission Viejo, California, 714-367-2884.
- *The Chronicle of Higher Education*, a major weekly publication found in most large libraries, is a good source of information about the entire range of higher education issues and has at times featured specific articles on the impact of welfare reform on higher education, in general, and on community colleges, in particular.
- Finally, the Education Commission of the States can provide more specific information and in-depth policy analyses concerning many issues in postsecondary education. ECS can be contacted at 303-299-3600.

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